OSA Newsletter

Summer 2003 **Editor: Robert Baker**

Oregon PERS Legislation Signed

The Oregon Legislature has been grappling with the financial difficulties befalling the Oregon Public Employee's Retirement System; by recent measures the $33 billion plan has over a $16 billion long-term shortfall. Projections by the plan's actuary, Milliman USA, show the PERS unfunded actuarial liability increasing to $18 billion over the next 5 years.

Of the 56 pension-related bills introduced in the Oregon legislature this year, Governor Ted Kulongoski has signed 7 bills so far. Those bills deal with:

- Crediting Tier 1 member accounts;
- Payment of employee contributions into transition accounts;
- Adopting new actuarial tables;
- Establishing a new 5 member PERS board (one member representative, one employer representative, and three private individuals with expertise in pension issues) to replace the former 12 member board;
- Refunding contributions to inactive non-vested members of the Judges Retirement Fund;
- Deducting costs for finding former plan members; and
- Providing a premium to certain inactive members who withdraw their funds.

Source: *Pensions & Investments, 4-14-2003 and Oregon Public Employee's Retirement System.*

2003 Retirement Confidence Survey Released

You've probably heard about Consumer Confidence, a concept used by economists to explain levels of economic activity. Well, there is also a concept called Retirement Confidence as measured in the Retirement Confidence Survey sponsored by the Employee Benefit Research Institute, the American Savings Education Council, and Mathew Greenwald & Associates. According to the 13th annual survey, Americans' overall confidence in their ability to retire comfortably has decreased only slightly from last year. However, folks are growing anxious because of the weak stock market and sluggish labor market. The survey also found widespread lack of knowledge about key money management issues; that knowledge could help millions of Americans properly prepare for their financial future.

Source: *Employee Benefit Research Institute at www.ebri.org.*

Earn More in 2003

If you work while receiving Social Security, (survivors or retirement benefits) and haven't yet reached your full retirement age, you're able to earn more money in 2003 without having your Social Security benefits reduced. You can earn up to $11,520 in 2003 and keep all of your Social Security benefits. (The amount was $11,280 last year.) If you make more than $11,520, $1 will be taken out of your Social Security benefits for every $2 you earn over the limit. If you reach full retirement age during 2003 (that's 65 and 2 months for people born in 1938), $1 will be taken for every $3 you earn above $30,720 until the month you reach full retirement age. After you reach your full retirement age, you can keep getting your full benefit no matter how much you earn.

For more information: *Social Security Online at www.ssa.gov.*

America's Aging Workforce: Should Older Workers Be Encouraged to Delay Retirement?

With the first members of the baby boom generation nearing age 60, policymakers may want to consider ways to encourage older workers to delay retirement; this according to the Center for Retirement Research (CRR) at

Boston College. Several policy changes have altered the incentives facing older workers; Social Security is no longer growing more generous and its benefit rules have changed to make work more attractive; and private pensions have shifted from defined benefit plans toward 401(k) plans which tend not to have specific retirement ages.

CRR believes there are strong social and economic reasons for policymakers to consider ways to encourage people to delay retirement:

- Americans are living longer and healthier lives and are able to make productive contributions in the workforce.
- Staying active in the labor force can have important social and psychological benefits.
- Older Americans who work at least part-time can achieve higher living standards, both while working and after they retire.

For a copy of this study: *visit or call The Center for Retirement Research at www.bc.edu/crr, (617) 552-1762.*

Participation in Pensions Low in Washington State

According to the Employee Benefit Research Institute, workers in Washington State have among the lowest participation in pension plans. The states with the lowest levels of participation were Florida, Texas, California, and Washington. The states with the highest participation were Minnesota, Wisconsin, Michigan, the Dakotas, Pennsylvania, and Maryland.

Through 2001, 83.5 million workers nationwide worked for an employer or union that sponsored either a defined benefit or defined contribution pension plan, and 64.9 million participated in the plan. This translates into a sponsorship rate of 55.3 percent and a participation level among all workers of 43.0 percent.

Those working for a larger employer (1,000 or more employees) were more likely to participate in an employment-based retirement plan; almost 62 % did so in 2001. Those working for small employers (less than 10 employees) were less likely to participate, with 18% doing so in 2001.

More information: *Employee Benefit Research Institute at www.ebri.org.*